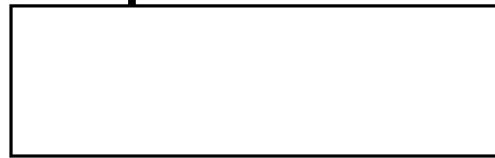


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ISRAEL-SYRIA: The fighting along the Golan front yesterday was marked by heavy Israeli air activity and intensive action by Syrian air defense forces. This action increases the risk that one side or the other will undertake major offensive action.

Syrian military sources claimed that their forces shot down 17 Israeli aircraft--ten by ground fire or surface-to-air missiles and seven in air-to-air combat over the Mount Hermon area. Tel Aviv admitted the loss of two fighters--an A-4 and an F-4--to ground fire, as well as one helicopter which was involved in a mid-air collision. One Israeli drone was also shot down by the Syrians. An Israeli spokesman confirmed that Syrian and Israeli aircraft clashed over Mount Hermon; he claimed that two Syrian MIG-21s were shot down in the engagement with no Israeli losses.

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[Redacted]

On the ground, Syrian and Israeli artillery exchanged fire along the northern and southern sectors of the front. The Israeli military admitted that four soldiers were wounded in the shelling; no figures were released by the Syrians.

Mount Hermon has been the focus of contention for both Israel and Syria. Both sides are apparently bent on establishing their domination in the area, and neither appears willing to back off. In the process, the scope of the fighting has grown from small commando actions to clashes involving larger numbers of ground units as well as large numbers of aircraft and surface-to-air missile units.

The intensity of the fighting yesterday increases the possibility either that Syria will initiate a thrust against the Israeli salient or that Israel will undertake pre-emptive action to prevent this. Syrian air strikes in the southern part of the Israeli salient for the past two days, as well as the fighting reported south of the salient yesterday, suggest that the conflict is beginning to spill over into other sectors of the front.

Israeli Defense Minister Dayan told Israeli television audiences yesterday that Tel Aviv feels there are no political limitations on its military activity and that it will feel free "for territorial expansion" if Syria attempts to capture territory. On the other hand, Dayan also said that Tel Aviv would not want to do anything to upset the negotiating process, but will not fold up under military pressure.

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Israeli military authorities claim that Iraqi troops have crossed the border into Syria within the past few days.

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If Iraqi troops have indeed entered Syria, it could reflect Syrian intentions to expand the level of fighting.

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USSR: [redacted] indicate that the course of events in the Middle East has caused disagreement in the Politburo. This may cause Brezhnev to be less forthcoming on detente-related matters over the near term.

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[redacted] the weakened Soviet position in the Middle East, and especially in Egypt, has led to recrimination and to charges that Brezhnev's detente priorities have contributed to the sharp reduction in Soviet influence and presence in the Middle East.

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[redacted] There have always been varying degrees of support for specific aspects of detente among Politburo members, based on their differing sense of priorities in Soviet foreign policy.

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General Secretary Brezhnev has proved to be adept at gauging shifting sentiments in the leadership and pulling back from exposed positions. Moreover, he continues to have important support in the leadership. Yugoslav President Tito, an astute observer of the Soviet leadership situation, recently commented [redacted]

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[redacted] that Brezhnev is in a strong personal position. Tito asserted that Brezhnev has placed his men in key positions and that it seems unlikely that he would face a threat to his personal power position from any quarter in the foreseeable future.

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[redacted] Foreign Minister Gromyko [redacted] is a logical target for recrimination within the Politburo, both on the Middle East and on the course of detente in general, and he would be a logical victim if someone has to be sacrificed. His close identification with Brezhnev as a member of the latter's foreign policy "team," however, lends him greater political strength than he might otherwise have. [redacted]

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CHINA: The anti-Lin, anti-Confucius campaign seems to be zeroing in on specific targets, and a party vice chairman is in serious political trouble.

Li Te-sheng, who headed the army's General Political Department until his transfer to command the Shenyang Military Region in the northeast last December, has come under heavy fire. Political wall posters labeling him a follower of disgraced Defense Minister Lin Piao have appeared in several provinces, including both his former and current bailiwicks. More recent reports add that Li is being attacked in posters in military academies and possibly in Peking.

The attacks represent a dramatic reversal of Li's political fortunes. He was one of five vice chairmen chosen at the party congress last August and he had been politically active until the rotation of military region commanders. His last public appearance was on January 21, and he was cited as sending a wreath to a funeral on January 30.

On the face of it, Li seems a strange target in the current campaign. He had been instrumental in maintaining discipline in the armed forces in the aftermath of the Lin Piao affair and reportedly had criticized the army's performance of its civil administrative duties even before the former defense minister's demise.

Whatever the reasons for Li's change of fortune, it is clear that attacks on a number of military men have been authorized at the highest levels of the party. An authoritative article in Red Flag, written under what is very likely a pseudonym for Mao, sharply criticized Confucius for allowing "feudal princes" to exercise "sovereign powers" in their own regions and denounced those who would restore this system. Such critical media articles, taken with the naming of a rehabilitated civilian to head the Kwangtung provincial party and government organizations, make it highly unlikely that rotated military men will be named to other vacant top provincial posts.

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The present spate of critical wall posters is obviously aimed at the domestic audience, but Peking is not now overly concerned if they are seen by foreigners. The posters are easily visible to foreigners traveling by rail, and [redacted] said that their Chinese guides willingly translated some that attacked Li Te-sheng. Li Hsien-nien, a Politburo member and one of Chou En-lai's principal lieutenants, jokingly told [redacted] about to embark on a provincial tour that they would see "many big character posters, but none attacking you." There have been reports of scattered factional violence, but the campaign generally remains under the control of national and provincial party organizations.

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A purge of Li Te-sheng would further complicate the already unsettled situation in the military high command. Several top posts, including minister of defense and army chief of staff, have been vacant since the Lin Piao affair. The almost certain removal of several provincial military leaders currently under fire, and the possibility that the attacks will be directed against other military men, can only increase factionalism and intensify the efforts of contending elements in Peking to purge their enemies and maneuver their allies into vacated positions. [redacted]

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EGYPT: In his speech on April 18, President Sadat said that he has "already implemented" a decision to diversify Egypt's source of arms. With the exception of an agreement reportedly concluded in March with Yugoslavia to help develop Egypt's arms industry, however, there has been little evidence that Cairo has taken new initiatives toward diversification. The Egyptians have been discussing the possibility of establishing an Arab-wide arms industry with several Arab states, but no progress has yet been evident.

In recent years, Sadat has attempted to obtain some Western military equipment, but his efforts have been hindered by the lack of funds and Western reluctance to sell. Last year, however, some Western equipment was purchased through third parties.

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As for Egypt's arms arrangements with the USSR, deliveries under prewar agreements continue to arrive

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[redacted] There is no evidence that new arms agreements have been concluded between Egypt and the USSR since the October war.

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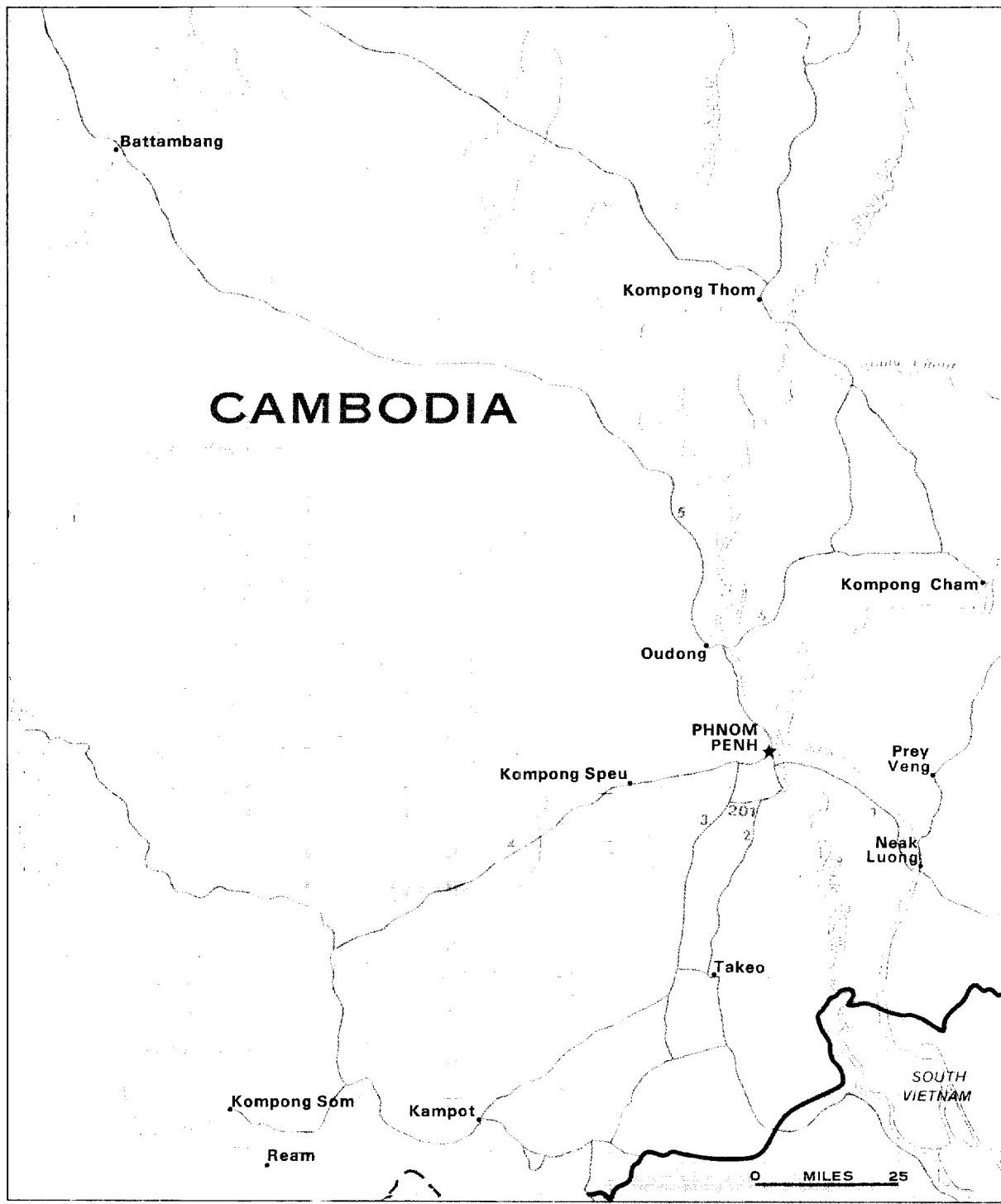
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CAMBODIA: Government units are trying to regain the initiative on widely separated battle fronts. In the past few days, Cambodian Army troops at the southwestern city of Kampot have slightly expanded their northern and southeastern defense perimeters but have been unable to reopen the waterway leading to Kampot from the south. The Communists apparently are trying to move reinforcements to Kampot.

Along Route 5 some ten miles north of Phnom Penh, army units have easily retaken several outposts that were lost to insurgent elements late last week. Government clearing operations southeast of the capital along the Bassac River in the vicinity of suspected rocket-launching sites are meeting stiff opposition.

The army high command is beginning to increase government strength at Prey Veng, 30 miles east of Phnom Penh, in anticipation of Communist attacks against that city late this month or early in May.

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CHILE: The government has announced that trials of its most prominent leftist prisoners--including Allende regime cabinet officers and leftist party leaders--will get under way before the end of April. Trials of 64 defendants, mainly military men, that began this week will probably last at least a month. Verdicts and sentences will be handed down only after all individual trials are over.

Defense attorneys have argued that the military tribunal before which their clients are being tried lacks jurisdiction. They claim that because the alleged offenses were committed prior to the military coup and the junta's declarations of states of siege and internal war, the trials should be conducted under peacetime provisions of the military justice code. Decisions of peacetime military tribunals may be appealed to the civil Supreme Court, but appeals from the judgments of wartime courts martial may be made only to higher military authorities.

Under a decree law issued soon after the coup, the government construes the military justice code to hold that the date of the initiation of judicial proceedings against a defendant, not the date of the alleged offense, determines jurisdiction. Moreover, military prosecutors at the current trials reportedly have argued that an undeclared state of war existed before the coup.

The regime's prominent civilian prisoners probably will be brought before wartime courts martial and charged with pre-coup violations of the military justice code. Their defense attorneys undoubtedly will raise the jurisdictional issue, but they are unlikely to prevail. The junta is not easily swayed by arguments that the juridical measures it considers necessary and proper under what it sees as a continuing emergency situation do not measure up to internationally accepted standards.

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SRI LANKA: Prime Minister Bandaranaike is concerned that public rallies scheduled by the opposition party for Sunday could precipitate widespread violence and severely test her security forces. The opposition United National Party (UNP) has called for 150 "peaceful protest" meetings on April 21 to protest the inability of Mrs. Bandaranaike's government to deal effectively with economic problems. Rally leaders reportedly will demand her resignation and call for new elections.

Mrs. Bandaranaike, aware of widespread popular dissatisfaction over food scarcities, has placed the armed forces on alert and canceled leave for all security forces. She has also pushed through a law under which anyone making statements "likely to cause public alarm or public disorder" could be detained without bail for up to 20 years. The cabinet will probably ban the UNP meetings. Mrs. Bandaranaike addressed several thousand members of the security forces this week and appealed for their loyalty.

Tension over economic issues is running high throughout the country.

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attempts by the government to suppress the gatherings would increase the chances of violence and reinforce the UNP's resolve to begin a civil disobedience campaign on May Day. Moreover, the police and army would be hard pressed to enforce the ban in many scattered locations simultaneously.

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NATO-US: The Dutch have proposed that representatives from Belgium, Denmark, the Netherlands, and Norway visit the US to discuss with American manufacturers a replacement aircraft for their aging F-104G Starfighters. The team would also go to France to discuss the F1 Super Mirage with the French.

According to a senior Netherlands Air Force official, the Dutch Government hopes this move will forestall a unilateral decision by Belgium on a replacement aircraft. The Belgians acknowledge that they favor the French aircraft, but have said they will consult the other three countries before making a decision.

The US Embassy in Oslo believes that the Norwegians would participate in the proposed visit, provided that the Belgians are not already irrevocably committed to the purchase of the F1 Super Mirage and that Brussel's participation would not be pro forma but on a sufficiently senior level to influence decision-making. Oslo also wants an indication from Washington that there has been some change in Washintgon's unwillingness to provide economic incentives to US aircraft manufacturers that will enable them to be more competitive in the international market.

The Dutch official indicated that Denmark was favorably inclined toward sending a team, and he was confident that Belgium would also agree. He said the team would be interested in discussing the purchase of General Dynamics' YF-16, as well as Northrop's P-530 Cobra. The defense ministers of the four countries will meet on May 2 and will probably decide whether to send the team.

The two US aircraft are at a disadvantage because they have just entered testing and because the US Air Force has not decided whether to purchase either plane. The Mirage is being flown by the French Air Force, although the engine for the export version has not yet been tested.

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The YF-16 fighter prototype, first flown officially on February 2, now has logged about 30 hours. It has already achieved a speed of Mach 2 and has performed well during flight-tests.

The P-530 Cobra has yet to make its initial flight, but it will have many of the components of Northrop's YF-17 prototype now undergoing ground testing. A number of air force officers in NATO countries have expressed a preference for the Cobra.

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CZECHOSLOVAKIA: Prague has run into trouble with its 1974 economic plan, according to a high Czechoslovak official. Citing rapidly increasing import prices and stagnating export earnings, the director of the Institute of Management, Jaroslav Jirasek, has forecast a foreign trade deficit of between \$800 million and \$1.6 billion--significantly higher than planned.

In conversations with embassy officials, Jirasek noted that industrial inefficiency and enterprise-level corruption dominate the economy. He concluded that fulfillment of this year's plan is seriously in doubt, and he is equally gloomy about prospects for the 1971-75 plan.

Jirasek may be overly pessimistic. The large deficit with the socialist countries that is anticipated this year does not involve hard currency. Moreover, in view of Prague's good credit rating, it would have little trouble financing a sizable hard-currency imbalance.

Nonetheless, the problems outlined by Jirasek include some of the major ones that occurred in 1962 and 1963 and caused a recession, which was the catalyst for the economic reforms of the mid-1960s. The present difficulties will be the principal topic of discussion at a party Central Committee plenum next month.

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NIGER: The military government installed following the army coup on April 15 appears to be basically moderate and likely to concentrate on domestic problems, while continuing the pro-Western foreign policy set by ousted president Diori. Paris has reacted calmly to the coup and appears ready to accept at face value junta leader Kountche's public statement that he does not intend to change Niger's close relations with France. Libyan Prime Minister Jallud visited Niger on April 18-19 for private talks with Kountche that probably focused on the mutual defense pact Diori's government had signed with Libya. Kountche has not clarified his attitude toward the pact.

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FOR THE RECORD

UK: Britain's trade deficit reached a record \$3 billion in the first quarter. Higher oil payments were the primary reason, but depressed export earnings because of the three-day work week aggravated the problem. The leveling off of oil prices and the return to a full work week should improve the trade balance somewhat. Nevertheless, the deficit for the year will probably exceed \$11 billion, double the record deficit incurred last year.

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